

Financial Results for the Ten Months Ended 30 April 2024

Reason for inclusion in closed board meeting session

1. Please state why this report is being considered in the closed board meeting as opposed to the open board meeting. Please refer to the 'reasons for confidentiality' and provide a direct reference to one of these reasons.	To protect information that will soon be publicly available.
2. Please provide an estimated date for release of this report.	31 May 2024

Aronga / Purpose

- This report provides the financial results for the ten months ended 30 April 2024.

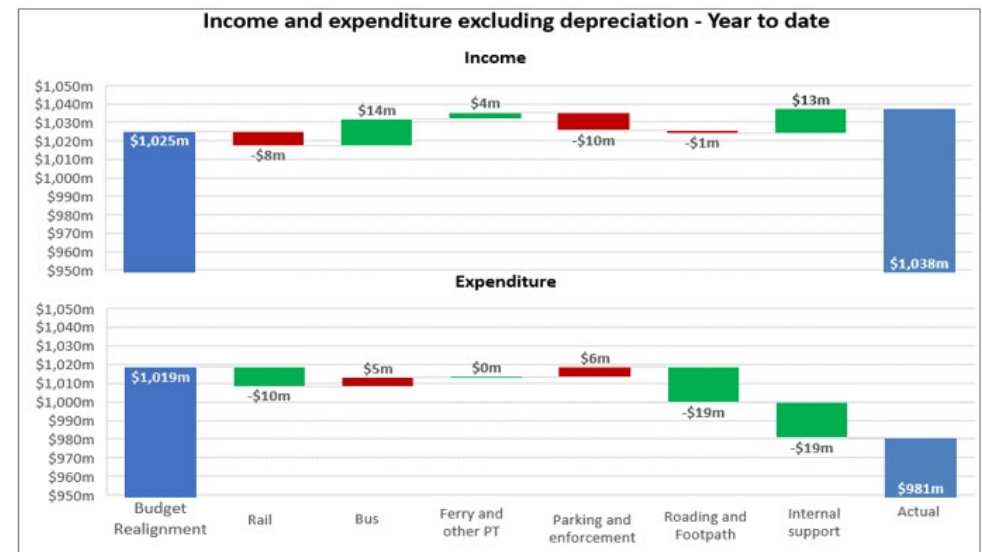
Te tūhonga / Recommendation

That the Auckland Transport Board (board):

- Notes the report.

Section 1 – Te whakarāpopototanga matua / Executive summary

- Year to date (YTD) **surplus from operations excluding depreciation** of \$56.8 million, is \$50.0 million favourable to budget. Underlying business performance is pleasing with higher public transport (PT) income and cost savings across all major spend areas. Based on current trends Auckland Transport (AT) is expecting to deliver ahead of the full year budget.
- YTD **Capital expenditure** of \$769.3 million is tracking at 92% of planned spend. The underspend is within bus, rail and active modes projects.



Rail income is unfavourable to budget due to ongoing rail disruptions. **Bus income** is favourable due to higher than expected bus patronage. **Roading and footpath expenditure** is favourable due to lower maintenance costs due to market capacity constraints and **internal support expenditure** is favourable across all major spend areas.

Section 2 – Financial results for the ten months ended 30 April 2024

	Current month			Year to date			Full year		
	Actual \$000	Budget (Realigned) \$000	Variance \$000	Actual \$000	Budget (Realigned) \$000	Variance \$000	Projection \$000	Budget (Realigned) \$000	Variance \$000
Operating income									
Auckland Council funding	43,186	43,186	-	353,528	353,528	-	439,358	439,358	0
NZ Transport Agency Waka Kotahi (NZTA) operating funding	39,450	35,149	4,301	375,961	364,393	11,568	441,141	432,947	8,194
NZ Transport Agency Waka Kotahi (NZTA) operating funding - Top-up from Crown	2,708	3,866	(1,158)	35,084	41,410	(6,326)	36,256	50,302	(14,046)
Parking and enforcement income	9,168	11,261	(2,093)	90,396	100,286	(9,890)	108,061	123,261	(15,200)
Public transport income	15,351	13,367	1,984	151,052	133,649	17,403	191,716	162,535	29,181
Other revenue incl. other grants and subsidies	2,964	2,718	246	31,601	32,078	(477)	36,584	38,733	(2,149)
Total operating income	112,827	109,547	3,280	1,037,622	1,025,344	12,278	1,253,116	1,247,136	5,980
Operating expenditure									
Salaried staff	17,888	19,023	1,135	168,443	172,206	3,763		209,402	
Contract staff	363	557	194	4,175	5,007	832		6,240	
Other personnel costs	312	299	(13)	2,047	2,835	788		3,450	
Personnel costs	18,563	19,879	1,316	174,665	180,048	5,383	212,565	219,092	6,527
Capitalised personnel costs	(1,453)	(4,044)	(2,591)	(35,611)	(34,621)	990	(44,015)	(43,858)	157
Public transport contracts	54,943	55,431	488	512,530	519,498	6,968	625,090	632,997	7,907
Contractors-maintenance	8,318	11,893	3,575	91,768	108,689	16,921	118,243	132,914	14,671
Professional services	4,545	3,455	(1,090)	27,185	29,323	2,138	36,027	36,267	240
Track and ferry access charges	3,600	4,021	421	35,409	36,604	1,195	43,522	44,718	1,196
Other expenditure	17,948	15,923	(2,025)	157,224	155,617	(1,607)	195,842	188,730	(7,112)
Finance costs	1,720	2,340	620	17,634	23,405	5,771	21,235	28,086	6,851
Total operating expenditure excluding depreciation	108,184	108,898	714	980,804	1,018,563	37,759	1,208,509	1,238,946	30,437
Surplus/(deficit) from operations excluding depreciation	4,643	649	3,994	56,818	6,781	50,037	44,607	8,190	(36,417)
Depreciation and amortisation	45,341	48,142	2,801	438,756	454,784	16,028	526,507	552,450	25,943
Surplus/(deficit) from operations	(40,698)	(47,493)	6,795	(381,938)	(448,003)	66,065	(481,900)	(544,260)	(62,360)
Income for capital projects									
NZ Transport Agency Waka Kotahi (NZTA) capital co-investment	72,346	47,334	25,012	443,710	408,195	35,515	524,687	516,415	8,272
Auckland Council capital grant	639	55,315	(54,676)	286,582	406,331	(119,749)	477,845	512,441	(34,596)
Other capital grants	26,586	7,189	19,397	39,035	23,082	15,953	46,842	29,135	17,707
Vested asset income	12,782	31,158	(18,376)	280,853	227,673	53,180	337,024	275,000	62,024
Total income for capital projects	112,353	140,996	(28,643)	1,050,180	1,065,281	(15,101)	1,386,397	1,332,991	53,406
Net surplus/(deficit) before tax and derivatives	71,655	93,503	(21,848)	668,242	617,278	50,964	904,497	788,731	(8,954)
Gains/(losses) on derivatives	681	-	681	2,716	-	2,716	2,716	-	-
Gain/(loss) on disposal of assets/ non-operating items	(413)	-	(413)	(1,310)	-	(1,310)	(1,310)	-	-
Net surplus/(deficit) after tax and derivatives	71,923	93,503	(21,580)	669,648	617,278	52,370	905,903	788,731	(8,954)

YTD surplus from operations excluding depreciation is favourable to budget. This includes the receipt of \$8.1 million of funding related to 2022/23 flood/storm response costs and delivery of a \$3 million Auckland Council (AC) efficiency target through lower finance costs.

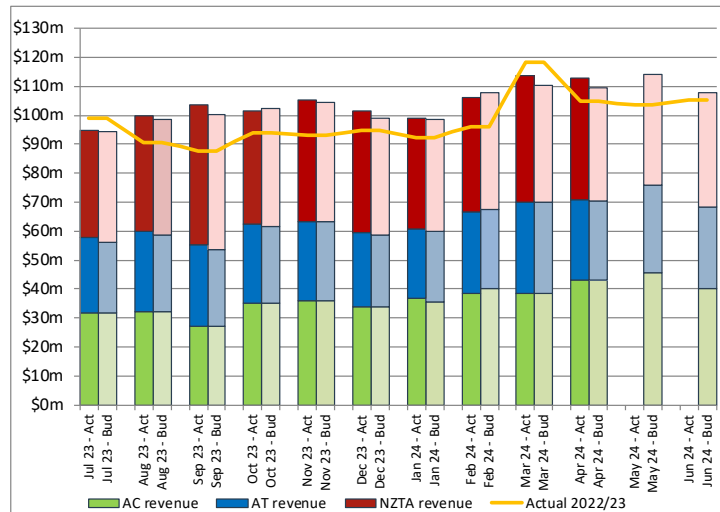
Estimated high level forecast for the year-end operating surplus / (deficit) outturn is between +\$20 million to +\$40 million above the budgeted \$8.2 million operating surplus.

The 2023/24 budget of \$8.2 million surplus from operations excluding depreciation is funding for the EMU loan principal repayment.

The budget has been realigned to AT's new organisational structure. The overall AT budget remains unchanged.

Section 2 – Financial results for the ten months ended 30 April 2024 (continued)

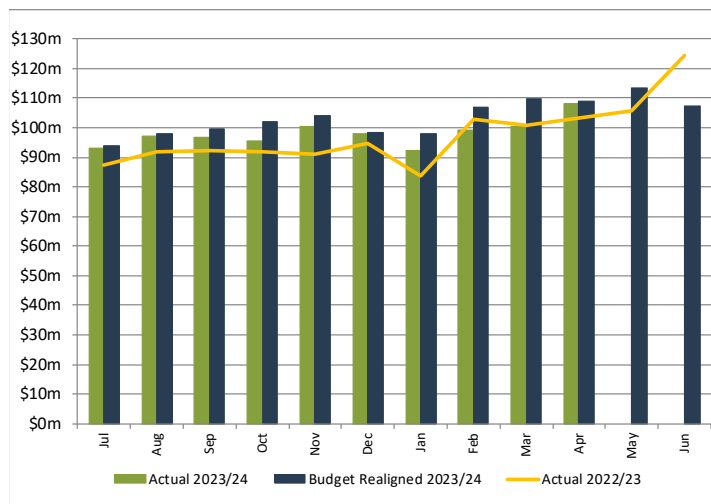
Operating income



Operating income budget variances

- **New Zealand Transport Agency Waka Kotahi (NZTA) operating funding** is favourable to budget primarily due to a claim for additional adverse weather remediation costs funded at a 91% Funding Assistance Rate, \$8.1 million of which relates to costs incurred in 2022/23. This is partially offset by lower fundable costs with higher PT income and lower contract costs.
- **NZTA top up from the crown** is unfavourable to budget mainly due to lower than expected 16-24 year old uptake of the reduced fare concession against budget across all modes.
- **Parking and enforcement revenue** is unfavourable to budget mainly due to lower on-street parking attributed to lower occupancy and a later than budgeted parking tariff increase and lower enforcement income due to a delay in the implementation of new enforcement technology.
- **PT income** is favourable to budget primarily from higher bus patronage. PT patronage for April is approximately 90% of pre COVID-19 levels up from circa 75% of pre COVID-19 levels at the beginning of the financial year.

Operating expenditure excluding depreciation



Operating expenditure budget variances

- **Personnel cost** is favourable to budget primarily due to budgeted positions not filled and lower contract staff costs and discretionary spend including learning and development.
- **PT contract costs** are favourable to budget primarily from the City Rail Link (CRL) Be Ready Project due to CRL project delays, reduced costs from lower train kilometres, lower Zero Emission Bus transition costs and ferry service cancellations.
- **Contractors-maintenance** is favourable to budget mainly from lower than expected road maintenance costs reflecting delivery constraints between flood recovery and unsealed road maintenance activity and recovery of costs from KiwiRail for the emergency Tahekeroa rail slip flood recovery works.
- **Professional services** is favourable to budget primarily within the road network operations and transport safety areas as operational constraints impact on operational and capital delivery.
- **Finance costs** are favourable to budget due to lower interest rates due to a loan restructure at the start of the financial year. This is a planned cost reduction to meet AC cost saving initiatives.

Section 3 – Operational funding requirement per passenger

	Current month				Year to date				Full year
	Actual	Budget (Realigned)	Variance	Actual % to Total	Actual	Budget (Realigned)	Variance	Actual % to Total	Budget (Realigned)
Rail, Bus and Ferry operations:									
Operating expenditure per passenger	\$8.86	\$10.66	\$1.80	100%	\$8.55	\$9.35	\$0.80	100%	\$9.38
Operating expenditure per passenger is funded by:									
Customers	\$1.92	\$1.99	\$0.07	22%	\$1.94	\$1.89	(\$0.05)	23%	\$1.89
NZ Transport Agency Waka Kotahi (NZTA) top-up	\$0.37	\$0.63	\$0.26	4%	\$0.49	\$0.63	\$0.14	6%	\$0.63
NZ Transport Agency Waka Kotahi (NZTA) operating funding	\$3.45	\$3.86	\$0.41	39%	\$3.23	\$3.55	\$0.32	38%	\$3.51
Local share funding (AC)	\$3.12	\$4.18	\$1.06	35%	\$2.89	\$3.28	\$0.39	34%	\$3.35
Total operating expenditure per passenger	\$8.86	\$10.66	\$1.80	100%	\$8.55	\$9.35	\$0.80	100%	\$9.38

The YTD operational expenditure per passenger is \$8.55 with:

- \$1.94 paid by customers
- \$2.89 subsidised by AC
- \$3.23 subsidised by NZTA
- \$0.49 topped up by NZTA for under 25 discounts

	Current month				Year to date				Full year
	Actual	Budget (Realigned)	Variance	Variance %	Actual	Budget (Realigned)	Variance	Variance %	Budget (Realigned)
Rail, Bus and Ferry operations:									
Operating expenditure \$000	64,950	65,230	280	0%	612,830	612,700	(130)	(0%)	746,504
Less: Fare revenues and other income \$000									
Customers	14,077	12,172	1,905	16%	139,041	123,621	15,420	12%	150,145
NZ Transport Agency Waka Kotahi (NZTA) top-up	2,708	3,866	(1,158)	(30%)	35,084	41,410	(6,326)	(15%)	50,302
Total	16,785	16,038	747	5%	174,125	165,031	9,094	6%	200,447
Operating funding requirement \$000	48,165	49,192	1,027	2%	438,705	447,669	8,964	2%	546,057
Patronage 000's	7,329	6,117	1,212	20%	71,635	65,505	6,130	9%	79,568
Operating funding requirement per passenger	\$6.57	\$8.04	\$1.47	18%	\$6.12	\$6.83	\$0.71	10%	\$6.86
NZTA operating funding per passenger	\$3.45	\$3.86	\$0.41	11%	\$3.23	\$3.55	\$0.32	9%	\$3.51
Local share funding (AC) per passenger	\$3.12	\$4.18	\$1.06	25%	\$2.89	\$3.28	\$0.39	12%	\$3.35
Operating funding requirement per passenger	\$6.57	\$8.04	\$1.47	18%	\$6.12	\$6.83	\$0.71	10%	\$6.86

The YTD net operating funding requirement per passenger (net of fare revenues and the under 25 top-up) of \$6.12 is favourable to budget mainly due to higher than expected bus patronage.

Free travel for 5 to 12 year olds and half-price travel for 13 to 24 year olds ended early on 30 April 2024, in line with the Government's decision to withdraw funding for these concessions.

Section 4 – Summary of Capital Expenditure

	Current month			Year to date			Full year		
	Actual	Budget (Realigned)	Variance	Actual	Budget (Realigned)	Variance	Projection	Budget (Realigned)	Variance Inc/(Dec)
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Regional Land Transport Plan (RLTP) grouping									
Active Modes	2,191	4,491	2,300	32,068	43,947	11,879	43,891	53,500	9,609
Asset Management	41,140	35,896	(5,244)	345,728	344,088	(1,640)	442,782	418,118	(24,664)
Bus Projects	3,165	8,027	4,862	11,308	25,673	14,365	15,503	40,777	25,274
Corridor Improvements	866	1,010	144	3,519	8,211	4,692	34,772	11,690	(23,082)
Ferry, Multi-modal, and Park and Ride	2,624	7,009	4,385	55,530	47,294	(8,236)	7,793	50,202	42,409
Local Board Priorities	3,323	955	(2,368)	18,195	17,476	(719)	68,508	18,479	(50,029)
Network Capacity and Performance	967	2,041	1,074	8,608	18,102	9,494	26,354	22,000	(4,354)
Operational Programmes	(25)	2,793	2,818	34,107	31,725	(2,382)	12,195	37,526	25,331
Population Growth	6,599	2,947	(3,652)	36,065	32,096	(3,969)	45,632	41,658	(3,974)
Rapid Transit: Bus Projects	20,459	16,719	(3,740)	139,755	143,185	3,430	41,132	180,000	138,868
Rapid Transit: Rail Projects	9,550	12,732	3,182	26,543	55,674	29,131	208,610	105,448	(103,162)
Safety	3,668	4,188	520	36,899	42,099	5,200	58,898	47,000	(11,898)
Sustainability Projects that are in addition to travel choice projects	12	44	32	5	365	360	42,775	500	(42,275)
Climate Action Targeted Rate	5,034	10,987	5,953	20,998	27,673	6,675	527	31,092	30,565
Total direct capital	99,573	109,839	10,266	769,328	837,608	68,280	1,049,373	1,057,990	8,617

Active modes: – Cycling programme budget underspend is due to rework or redesign and future funding uncertainty.

Bus – below budget is due to delays in design acceptance and collaboration with utility companies for Midtown projects, future funding uncertainty and transfer of NorthWest Rapid Bus improvement to NZTA.

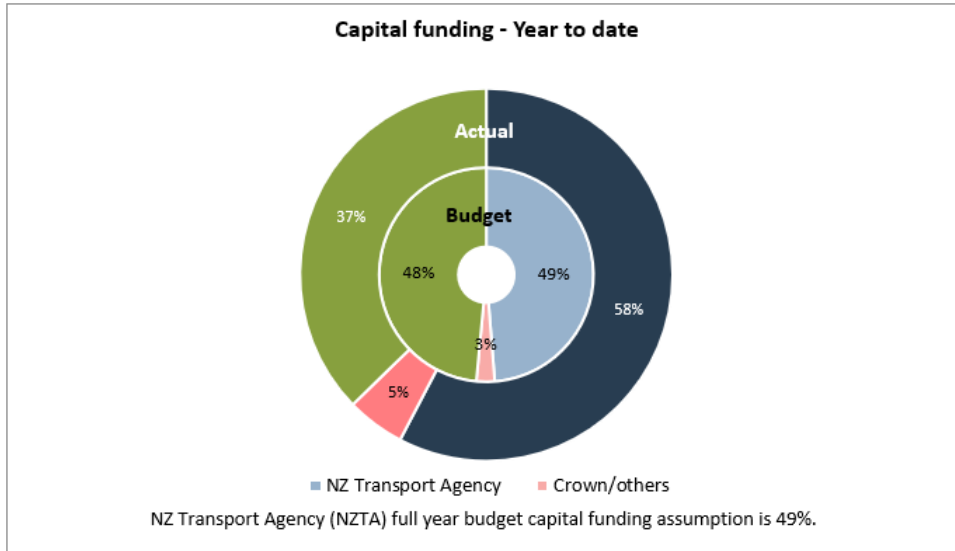
Ferry – is above budget due to a catch up of prior year commitments.

Rapid transit rail - (EMU rolling stock and stabling) is below budget and behind in delivery due to a delay in stabling (Wiri Depot) and scheduling of EMU rolling stock delivery.

April capital spend was \$100 million against a budget of \$110 million, principally due to timing differences, with year to date spend \$68 million adverse to budget. Funding uncertainty is limiting AT's ability to commit to new projects that extend into the next Government Policy Statement period which commences on 1 July 2024.

The estimated **full year forecast outturn** is between \$950 million to \$1,000 million, 90% to 95% of the 2023/24 approved capital budget. The current business projection is for \$1,049 million (99% delivery).

Section 5 – Capital funding



AT’s capital funding budget assumes an approximately 50% funding split between local share and central Government/other crown funding.

- **NZTA capital funding** YTD of 58% is higher than the budget of 49% reflecting a catch-up of New Zealand Upgrade Programme (NZUP) funding for Eastern Busway, additional Climate Emergency Response Fund funding for approved PT projects such Raleigh Road and East Coast Road bus priority, and initiatives to support the NorthWest Busway Improvement programme.
- **Other Crown Funding** is primarily Crown Infrastructure Partners (CIP) funding for EV maritime ferries, NorthWest Busway Improvement programme and flood recovery works. CIP funding for flood recovery of \$25 million was also claimed in April which relates to some costs incurred in 2022/23.
- **AC (local share) funding** is lower than budget due to higher NZTA capital funding and lower than budgeted capital expenditure.

Te pou whenua tuinga / Document ownership

Submitted and Recommended by	Approved for submission by
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